



THE CITY OF SAN DIEGO
MANAGER'S REPORT

DATE ISSUED: April 15, 2002 REPORT NO. 02-085

ATTENTION: Committee on Land Use and Housing
Docket of April 17, 2002

SUBJECT: AFFORDABLE/IN-FILL HOUSING EXPEDITE PROGRAM

REFERENCE: San Diego Housing Commission Report No. HCR 02-028

SUMMARY

Issue - Should the Committee on Land Use and Housing (LU&H) recommend to the City Council that the affordable/in-fill housing expedite program proposed in this report be implemented?

Manager's Recommendation -

1. Recommend that the City Council direct staff to prepare revisions to the Municipal Code as outlined in this report and to carry them through the normal public review process including review and recommendation by public interest groups, the Community Planners Committee, and Planning Commission prior to City Council consideration;
2. Recommend that the City Council direct the City Manager to implement the procedural changes for an affordable/in-fill housing expedite program along with approval of the revised Municipal Code regulations; and
3. Recommend that the City Council direct the City Manager to add an unclassified, management level position in the Development Services Department's fiscal year 2003 budget to oversee the development and implementation of the affordable/in-fill housing expedite program and to bring City Council a proposal to appropriately staff the program together with the changes to the Municipal Code.

Other Recommendations - The City's Technical Advisory Committee helped develop the proposed affordable/in-fill housing expedite program and support the staff recommendation.

Environmental Impact - None with this action

Fiscal Impact – Implementation of this program will require the addition of a Program Manager in the FY 2003 budget to oversee the program. The additional staff needed for the affordable/in-fill housing expedite will be identified along with the changes to the Municipal Code and would be fully cost recoverable through permit fees.

Code Enforcement Impact – None with this action

Housing Impact Statement – Implementing the recommendations in this report in conjunction with the recommendations presented by the Housing Commission in Report No. HCR02-028 would increase the supply of affordable housing and market rate housing in San Diego.

BACKGROUND

In July of 2000, the San Diego City Council was asked to authorize submittal of the draft Housing Element Update to the State of California Department of Housing and Community Development for review prior to its adoption. At that time, the City Council adopted a resolution that included direction to the City and Housing Commission staffs to pursue several new housing policies and incentive programs.

Since that time, numerous distinct proposals have emerged. On February 13, 2002, LU&H requested that a "Housing Day" be scheduled for April 17th at which a Citywide inclusionary program and other affordable housing issues would be discussed. The Housing Commission staff will be presenting a report outlining a series of inclusionary housing proposals. As part of the proposed recommendations, a series of developer incentives are recommended. A program to provide expedited processing for in-fill and affordable housing projects is one of the incentives and is outlined in the discussion section below.

DISCUSSION

The following incentives are intended to be applied to all projects that provide affordable housing throughout the City and to those in-fill housing projects consisting of 10 units or more in urbanized areas of the City.

Project Entitlement

A package of incentives is recommended to assist and expedite the entitlement process for residential projects that include affordable housing onsite or that propose in-fill development. It

is recommended that the complementary incentives be implemented as a package in order to maximize savings of both time and money. The incentives would act to reduce project-processing times in the development review process for both discretionary and ministerial projects and increase accountability of all parties. The incentives would include dedication of staff and the establishment of a timeline for processing with accountability.

Dedication of Staff

The addition of staff dedicated to managing and reviewing residential applications is recommended. This includes creation of an unclassified, management level position to act as the Affordable/In-fill Housing Program Manager to oversee all affordable and in-fill residential projects. This position will act as the City's "Housing Czar" with the authority to resolve project issues and prioritize staff efforts to meet aggressive project processing schedules. This staff team could be used for personalized pre-application review, proactively working within timelines, and working as a liaison between City departments and agencies as well as community groups. Residential project review involves the input of multiple entities. Assignment of personnel to act as a liaison and assist in shepherding the project through the process can be a significant advantage to developers by saving time and money in the entitlement process.

Processing Timeline

It is recommended that the review process begin with a pre-application or a preliminary review of the projects. Mandatory preliminary review allows for early feedback regarding project proposals and helps developers to fashion a proposal that best meets the City's guidelines. Further, pre-application review provides an opportunity to identify important stakeholders in the community review process. This enables staff to identify issues for the project applicant prior to formal design and submittal of the project application and documents. At the conclusion of preliminary review, a unique project schedule should be developed. This should include commitments of both the developer and City to meet review turnaround times.

In addition, the project applicant shall fund the environmental initial study at the time of preliminary review. This enables staff to determine the scope of the project and any additional information or studies early in the project submittal process, as well as advance the schedule of the environmental document. It is also recommended project plans be provided to the respective Community Planning Committee and the scheduling of a preliminary project presentation by the developer and City staff. This front loads the review process for the Planning Committee so they are better able to complete their advisory vote in a timely fashion.

Once a discretionary project application has been submitted; the following schedule is proposed:

- Completeness Check - 5 business days for initial determination
- First Review Cycle - 20 business days
- Subsequent Review Cycles - 10 business days

Should the City fail to meet its review times, the subsequent review cycle should be decreased by

an amount equal to the time the schedule was exceeded.

A project review meeting to identify outstanding issues and resolve project conflicts would be scheduled within 10 business days after the completion of the first review cycle. Assuming all project issues have been resolved and necessary documentation provided to the City, the project may proceed to scheduling for a public hearing based upon the availability of the environmental document.

Should the project issues and/or documentation be incomplete at the end of the first review, upon completion of no later than the third review cycle and environmental document, the City would schedule the project for a public hearing. The City would recommend denial of any project that has not demonstrated compliance with the applicable regulations or submitted adequate documentation to complete the project review and environmental analysis.

Other actions could help to facilitate the expediting of all processing. These include:

- Authority to expire an application due to inactivity after 180 calendar days would enable the department to better manage workload and avoid projects being submitted in an attempt to circumvent changes to land development regulations. This would require an amendment to Municipal Code Chapter 12, Article 6, Division 1.
- Amend Planned District Ordinances through the Community Plan update process to provide for a streamlined process to deviate from existing development regulations. This would provide greater flexibility to implement smart growth, and traditional neighborhood design, especially for constrained in-fill and redevelopment sites.
- In order to meet the above timeline, strict enforcement of Council Policy and Development Services Department project processing procedures must be met. These would require community planning committees to respond in a timely fashion and provide for accountability.

Similar recommendations are proposed for the ministerial process.

Ministerial Processing

Further expediting of the entitlement process can be gained through utilizing ministerial rather than discretionary processing where available. In general, the discretionary process is longer due to time needs of complex planning and engineering requirements, California Environmental Quality Act (CEQA), and the City's highly participative community planning and public hearing process. Two options are recommended below for utilizing a ministerial process where a discretionary process is most often used currently.

Master EIR's are currently being considered for the identified villages through the Strategic Framework plan. The City would prepare the Master EIR with the Community Plan Amendment that adopts the village. Projects in the villages would then be subject only to ministerial reviews. The advance preparation of an EIR for the entire project area can facilitate a smoother process for

specific projects, reduce processing time, and reduce costs. This is the approach currently used in redevelopment areas. A comprehensive planning process has the added benefit of creating a mechanism for early-stage community input into project guidelines, potentially mitigating future neighborhood opposition.

Similar to the Master EIR scenario, the City could utilize design standards for ministerial review. This could be accomplished through the adoption of design standards for projects through community plan updates and revised regulations. Reduced processing times could be achieved if projects meet adopted standards.

It is expected that the utilization of the above incentives related to project entitlement would result in substantial time savings in permitting time. The time savings will translate into direct financial savings through reduced holding costs in interest on land and property taxes.

Regulatory Changes

To further facilitate affordable/in-fill housing projects, staff proposes an alternative to the planned development permit regulations. Often, affordable/in-fill housing projects are either delayed or made infeasible because of their inability to meet the often strict and detailed development regulations of the Municipal Code. Detailed planned district ordinance regulations, engineering regulations, and others combine to limit particular design solutions that would make these types of projects practical. These types of regulations are very prescriptive and in many cases do not allow any deviation or alternative. In addition, very little guidance is provided for what the community or the decision maker would agree to be an acceptable deviation.

The proposed change to the planned development permit regulations would provide a process alternative to use when affordable/in-fill housing projects run into these types of obstacles. Customers for these projects would be given an option to comply with performance standards rather than specific regulations. Staff, working with both community and development industry leaders, would bring forward standards that deal with the key community design issues while providing relief from restrictive regulations contained in other parts of the code. Attachments 1 and 2 are examples of guidelines developed by other organizations for residential projects and are examples of the type of performance based design standards staff would recommend.

Since planned development permits would be processed through a Process 4 Decision (initial decision by the Planning Commission with appeal rights to City Council), these projects would be open for community group input and involvement. In addition, the changes would provide findings more appropriate to a project's compliance with the design standards, rather than those necessary for a variance or deviation that do not allow consideration of other City objectives in the decision on a project.

Affordable/in-fill housing project customers would benefit from these changes by their ability to design a feasible project. In addition, this change would allow the Planning Commission and

City Council to be the final judge of a project's compliance with the performance based standards while providing the community with direct input to the decision.

CONCLUSION

Staff recommends the affordable/in-fill housing expedite program outlined in this report and further recommends that the staff be directed to develop the Municipal Code and procedural changes necessary to implement the program. Staff also recommends that LU&H direct the addition of a management level staff position to the Development Services Department FY 2003 budget to manage the program. These recommendations will simplify and streamline the review process for affordable/in-fill housing projects and provide incentives to the housing industry to produce a wider range of housing types that are more affordable in the City of San Diego.

ALTERNATIVE

Recommend that staff implement the procedural changes and staffing proposals outlined in this report but do not direct changes to the Municipal Code.

Respectfully submitted,

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Approved: P. Lamont Ewell
Assistant City Manager

BROUGHTON/ESCOBAR-ECK

Attachments: [1. Design Guidelines for Compact Housing](#)
[2. Design Considerations Checklist](#)